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COMMITTEE ON NEBRASKA RETIREMENT SYSTEMS
March 11, 2005
LB 215, 447

The Committee on Nebraska Retirement Systems met at 12:15 p.m. on Friday, March 11, 2005, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB 215 and LB 447. Senators present: Elaine Stuhr, Chairperson; John Synowiecki, Vice Chairperson; Patrick Bourne; Philip Erdman; Don Pederson; and Marian Price. Senators absent: None.

SENATOR STUHR: Okay, good afternoon. We are now ready to begin the hearings for the Nebraska Retirement Systems Committee for this afternoon, and I am Elaine Stuhr and I serve as Chair and I represent the 24th Legislative District. And I would like to make introductions for the rest of the committee that are here, and I know that some are coming. To my far right is Don Jones, who serves as our committee actuary; and Senator Marian Price from Lincoln; and Senator Bourne who has not joined us, but I will make note when he does; Jason Hayes who serves as our legal counsel; Senator John Synowiecki is the Vice Chair and he is not here at this time; Senator Phil Erdman from Bayard; and Senator Don Pederson from North Platte who is not here but will be joining us; and Kathy Baugh who serves as our committee clerk. Just a few announcements before we begin the hearing. Please turn off any cell phones or pagers that you may have. Since we do have quite a large group today, those wishing to testify should come towards the front of the room, and we do sort of reserve that first row for those wishing to testify to speed up the process. If you are testifying, please print your name on the sheet, and if there are some of you that wish to express an opinion, we do have a form that you can fill out saying which bill that you support even though you don't wish to testify, so please be aware of that. Oh, and I forgot to announce that our page is Matt Rathje and he is from York, Nebraska, and a student at UNL. Also if you have handouts then please give them to the page and they will circulate them to the committee. Let's see...oh, and I guess it's important to please, not to show any support or opposition to a bill. We had a circumstances a few days ago when everyone started clapping because they were very supportive, but we do refrain from doing that. Please try to relax, and if you need a drink of water, please ask the page and he will be glad to assist you. Today's bills are LB 215...and before we begin I would

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just like to get a count on the number of those wishing to testify because we do need to plan our time accordingly. LB 215, those wishing to testify either in support...or let's say in support of the bill? Okay, two. Any in opposition? Okay, all right. Thank you. And LB 447, which is Senator Bourne's bill, those wishing to testify in support of that bill? One, two, three. Okay, we just have lots of supporters here, which is good. Those wishing to testify in opposition? Okay, one, or two. All right, two. Okay. And, of course, we may have neutral testimony on each one of those also. All right, and Senator Bourne has joined us and also Senator Don Pederson has joined us, so. All right, we are ready to open the hearing then on LB 215. Welcome, Senator Brown.

LB 215

SENATOR BROWN: Good afternoon, Senator Stuhr and members of the committee. My name is Pam Brown. I represent District 6 in Omaha and I'm here to introduce LB 215. It is a bill that your committee has heard, in essence, before, that would allow for an early retirement program for the state of Nebraska. We have in our constitution a prohibition on the payment of gratuities to employees. And so in order to structure this to make sure that it does not conflict with that requirement, it is set up that the state would offer to...the decision would be made by the agency director about whether this would be available within their agency. And in return for early retirement, there would be a contribution which is, in essence, the employee's contribution and the state's contribution for the two-year period. The individuals who could be considered for early retirement...who could consider early retirement, because it is a voluntary program, have to be at least 53 years old and so it would be for the two years between 53 and 55. The amount that is included in the bill is approximately both the employee and employer's share of their retirement that would go into a deferred compensation program. In order to meet the constitutional requirements, the agency shall assess whether they can save at least 20 percent of that employee's salary to be the offset. And that would be done through the either not filling the position or through filling the position with someone who would have less time

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in with the state, and so it would be at a lower salary level. The other provision, because for employees who would be considering this, a big piece of it would be the health insurance piece, being able to continue their health insurance. And currently, if you retire at 55 you can stay on the state's plan and you pay for it yourself. This proposes that they, for that two-year period, they could stay on the state's plan and pay half of it, so that there is a greater obligation to the state under this bill. So from the standpoint of what the employee would receive, they would receive the amount that would be contributed towards their retirement for that two-year period or an approximation of that and the availability of healthcare at half of the cost of healthcare. And I would be...and you have received a letter from in Section 3, you've received a letter about that the Risk Management Division of the Department of Administrative Services shall offer. It's actually now been transferred to the Department of Personnel, and so we would need to make a technical change to that section for the bill. And I would be glad to answer questions about the legislation.

SENATOR STUHR: Okay. Are there questions for Senator Brown? Senator Synowiecki has joined us and has a question.

SENATOR SYNOWIECKI: Senator, thank you so much for bringing this bill to us. It would definitely cover the employees under the Collective Bargaining Act.

SENATOR BROWN: Right.

SENATOR SYNOWIECKI: Question: Would it cover, for example,...

SENATOR BROWN: At-will employees.

SENATOR SYNOWIECKI: ...Supreme Court employees who are not part of the collective bargaining agreement, do not have opportunity to participate in collective bargaining, and therefore do not have property rights associated with their position due...

SENATOR BROWN: Exactly, and that's why it does not include those individuals, and actually in the work with the

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bargaining unit that was the way they wanted it to be.

SENATOR SYNOWIECKI: So we would have a section of about 400-plus employees that work under the Supreme Court who won't be eligible for this program.

SENATOR BROWN: Well, it's actually more employees than that. Any of the employees that are of any of the constitutional officers, any of the at-will employees would not be covered.

SENATOR SYNOWIECKI: Is there any way that we could extend this benefit to them or this opportunity to them?

SENATOR BROWN: It really provides some more constitutional issues because there is no way to value at-will employment. In this instance, the only value that we are attributing is the two years of continued employment and the contribution to retirement. But, still, I think it presents a more complicated constitutional issue.

SENATOR SYNOWIECKI: And the reason why I bring the Supreme Court employees into this picture is because of the number.

SENATOR BROWN: Absolutely.

SENATOR SYNOWIECKI: The other constitutional officers have very small staffs, comparatively speaking, to the section of employees...

SENATOR BROWN: Well, and then there...

SENATOR SYNOWIECKI: ...you know, when you speak of the Supreme Court, you're speaking of the entire probation department, all the clerks, and so forth.

SENATOR BROWN: Right. And there are a number of individuals in each agency, too, that are at-will employees. But I have been advised that it would complicate...that we're already on fairly complicated ground with this. We have crafted it very carefully and very narrowly to try to make it constitutional, and it would complicate matters, so.

SENATOR SYNOWIECKI: Thank you. Thanks, again, for bringing

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this, too.

SENATOR STUHR: Okay. Are there other questions? I just have one in relationship to the fiscal note. And I know that we have been looking at this issue and budget considerations have always been foremost. It appears that the cost could range from \$500,000 to \$13.6 million for the first year. And those...have you talked to the Fiscal...anybody in the Fiscal?

SENATOR BROWN: And that is not taking into account the 20 percent savings that must be shown by the agency in order to even do this. And...but it also around what the potential numbers of people and the difference in cost of the health insurance and the health insurance at the rate that employees pay and 50 percent. So that...those figures can be adjusted by the committee based on what the amount that is required to be paid for by the individual employee, is in the bill. In the bill, it calls for 50 percent. To control the costs you could adjust the amount so that the employee was paying for more, but they would still have the opportunity to continue their health coverage under the state system.

SENATOR STUHR: Okay. And we're looking at a 50 percent health insurance payment

SENATOR BROWN: Right. Yes.

SENATOR STUHR: ...for 12 years...or is that...could last for...

SENATOR BROWN: No, for two years.

SENATOR STUHR: Okay. Oh, from 53 to...

SENATOR BROWN: Fifty-five.

SENATOR STUHR: Okay. All right. Okay, are there any other questions? All right, thank you. Do you wish to close?

SENATOR BROWN: Probably not, but I'll sit here and decide.

SENATOR STUHR: Okay. All right. Those wishing to support

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the bill? Come forward. Welcome.

RALPH HAYDEN: Yes, members of the committee, my name is Ralph Hayden, H-a-y-d-e-n. I am a retired state employee who will not benefit in any way from the provisions of LB 215 or LB 447. Prior to my retirement, I served as treasurer of NAPE/AFSCME, the employees' union representing over 11,000 Nebraska state employees. I appear today on behalf of the retirees of state government who are struggling to meet their healthcare needs. All of us thank this committee for their advancement of LB 366, a bill that has corrected a long-standing inequity in our state employees retirement system. This bill, if passed, will begin to make the state employees retirement system an adequately funded pension program for future state retirees. Thank you for your advancement of this bill. Many of us who are in attendance have urged your colleagues this morning to support this committee's action. Because of your action on LB 366, our NAPE/AFSCME testifiers this afternoon will focus their remarks on the two retiree health benefit programs presented to you today through the auspices of LB 215 and LB 447. We support both retiree health benefit programs. LB 215 speaks to a sharing of premium payments between the employee and employer during an early retirement decision, and LB 447 provides a retirement health benefit funded by the employer through an IRS-approved mechanism. I will be followed by current Nebraska state employees who are here on their own time to speak to various aspects of these two bills. Again, thank you for your advancement of LB 366.

SENATOR STUHR: Okay, thank you, Mr. Hayden. Are there questions from the committee? Thank you very much for coming.

ROBERT HAYDEN: Okay. You're welcome.

SENATOR STUHR: Others wishing to testify in support?

PAT HOSKOVEC: And that would be me.

SENATOR STUHR: Okay, welcome.

PAT HOSKOVEC: My name is Pat Hoskovec, H-o-s-k-o-v-e-c. I work for the state of Nebraska, and I have worked for them

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for about 20 years. And if any of you know about the state of Nebraska, you would know that we started out as county, and if chose we could have stayed with county, but most of us went with the state. The county's healthcare plan pays, when you retire you still pay your 21 percent. I'm here in favor of LB 215 because for those of us who are going to retire now or shortly or in the future, our healthcare needs become higher as we get older and that's a fear. My husband is retired. I carry all of the insurance, and therefore I won't retire until both of us are on Medicare unless this goes through. I want to thank the committee for considering this. I want to thank you very much for putting this through.

SENATOR STUHR: Okay, thank you. Are there questions? If not, thank you very much in coming forward.

PAT HOSKOVEC: Thank you.

SENATOR STUHR: Are there others wishing to testify in support of the bill? Those wishing to testify in opposition to the bill? Those wishing to testify in a neutral capacity? Neutral? Please come forward. Or did you wish to testify in opposition? So there is no one wishing to testify neutral. Okay. Senator Brown, do you wish to close? Okay, Senator Brown waives closing. And that closes the hearing on LB 215. And we will now open the hearing on LB 447. Welcome, Senator Bourne.

LB 447

SENATOR BOURNE: Thank you, Senator Stuhr, members of the Retirement Committee, my name is Pat Bourne. I represent the 8th Legislative District in Omaha, here today to introduce Legislative Bill 447. LB 447 is designed to improve retirement benefits for our state employees. I, as many of my colleagues, will I'm sure will agree our current system does not provide adequate benefits to our retirees. This bill attempts to address this issue in two portions. The first portion of the bill has already been addressed by this committee in Legislative Bill 366, which we have advanced to the floor. As in LB 366, LB 447 would change the employee contribution system. Currently, a state

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employee contributes 4.33 percent of his or her wages to the retirement fund until that contribution reaches \$864. After that amount is reached, the employee contribution rate increases to 4.8 percent. The state's matching contribution to the retirement fund, 156 percent, does not change under this bill. The second portion of the bill allows for the creation of an individual healthcare account for every state employee. Under the bill, the state will match the 4.8 percent employee contribution with a 17 percent contribution to the healthcare account. This type of account is approved by the Internal Revenue Service as a way for individuals to benefit from tax-free savings and the use of their funds to defray healthcare expenses. Legislative Bill 447 allow retirees, their spouses, and their dependents to use the funds for health-related expenses only. These expenses could include but are not limited to premium payments for supplemental health insurance, hospital care, and prescription drugs. As required by the Internal Revenue Service, any money remaining in the healthcare account upon the death of the retiree shall be returned to the state. The high cost of healthcare is probably one of the biggest challenges facing retirees. I realize the bill has a fiscal impact, but in the long run it should save money by cutting down on the number of elderly Nebraskans that are forced to seek assistance from state welfare programs in order to make ends meet. I do urge you to advance Legislative Bill 447, although I do understand the economic condition the state is in might prevent that, but I do think it's an issue that we need to look into. Thank you.

SENATOR STUHR: Yes, thank you, Senator Bourne. Now, are there questions for Senator Bourne? Okay, I think you said it very well, that there is a need and particularly in the healthcare area. Senator Pederson.

SENATOR D. PEDERSON: This is not necessarily a question but more a comment along the lines of what you referred to, and that is the finances of the state. And we have to look at the total capacity of the state to handle these things within the dollars that we have available. And it had been reported, of course, in the newspaper and other media that we had received a favorable forecast from the State Forecasting Board, which indicated that we would have more money which is true, but you have to start from the position

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that we were in the hole to begin with. So, although we have more money, it still limits our opportunities to do some things. And so I know that you understand that and I assume that the people in the audience will understand that we desire to do things, but we have to limit our desires with our capacity to do them. Thank you.

SENATOR BOURNE: I agree. Thank you for your comment.

SENATOR STUHR: Okay, thank you. Any further comments or questions? If not, those wishing to testify in support of the bill, please come forward.

ROBERT CORNER: Senator Stuhr and members of the Nebraska Retirement Systems Committee, my name is Robert Corner; that's C-o-r-n-e-r. And I'm representing the Nebraska Association of Public Employees/American Federation of State County Municipal Employees, NAPE/AFSCME Local 61 on behalf of LB 447. First of all, NAPE wishes to thank Senator Bourne for presenting this bill. And we also want to thank the committee, as Mr. Hayden said earlier, for advancing LB 366. It's always nice to know that half of your bill is already out on General File, and we appreciate that very much. Having the privilege to have been appointed by the Governor as a state employee representative to the Public Employees Retirement Board for ten years and being a 28-year state employee myself and being very involved in retirement issues, I think I'm very aware of the big picture as it pertains to state retirement issues. LB 447 is very important to state employees. We've all heard, and Senator Bourne did an excellent job explaining LB 447, the first part, about the bifurcated system we have now with the 4.33 to the 4.8 and all your studies showing over the years, your benefit adequacy studies, that we need to put 12 percent of our pay into retirement if we want an adequate retirement. With this bill, with LB 366, with the 4.8, with the state match, it will get us over to 12. I think it's ironic that today, March 11, 2005, the only people who meet that criteria are those very few state employees that make over \$100,000. Nobody else has been putting in 12 percent into that system. But this bill differs quite a bit different than LB 366 in that it has a healthcare component to it. You say, well, why is that important? I think Nebraska is only one of two states that does not...that does not do

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something in healthcare retirement for their employees. And it's not that unusual in Nebraska. We have a lot of counties that have a healthcare component for retirement for their employees. Yes, it's going to cost some dollars. The way this plan is set up and that Senator Bourne explained, and maybe why there is some opposition to this plan, could be because on the death of that state employee that money would not return to the beneficiaries of that employee, but to the state. But the way this thing is designed and by the IRS guidelines and rules, if we want it to be tax-free, which maximizes the dollars into this plan for state employees, we need it set up this way. And, yes, unfortunately it's true that if you would pass away, then that money would go back to the state. But at the same time the state is putting 100 percent of the money into this fund; the employee is not putting money into this fund. However, the reason we think it's only fair that the state do put some money into this fund is that over the years we've been increasing our contributions. We went from 3 percent...3.6 to 4.33 to 4.8 if LB 366 passes. We've been contributing more money. Yes, the state has been matching that, but the state has not increased their limit of that \$1.56. Had they been doing this, we would have had adequate coverage before, and maybe some state employees could afford some of the insurance later after they retire. I think it's a sad note, it was a DAS employee, the gentleman passed away about a month ago. He was 74 years old, but he couldn't retire from the state because his wife was sick. So he needed the state health plan in order to pay the premiums and meet the drug costs. So this gentleman worked all his life, did not get a chance to retire. I do not think that's right. I think employees, state employees, especially if you spent a lot of years and gave a long effort to the state, that you ought to be benefitted from that. And I think this would help. So we encourage you to take a good look. We know there are some dollars involved here, but I think in the long run it will save dollars. So we encourage you to pass LB 447. We thank you on moving LB 366 out and thank you, Senator Bourne, for introducing the bill. I'll be happy to answer any questions.

SENATOR STUHR: Okay, thank you, Mr. Corner. Are there questions from the committee?

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ROBERT CORNER: (Exhibit 1) I do have...these are petitions signed by state employees all across the state, several hundred of them here, encouraging the passage of this bill and I'll just leave them here.

SENATOR STUHR: Okay. All right, we will certainly put those on file then, thank you.

ROBERT CORNER: Okay, thank you.

SENATOR STUHR: Next proponent. Welcome.

STEVE DRDA: Hi, thank you. My name is Steve Drda, spelled D-r-d-a. I'm a state employee and I have worked for the state for the last five years. I'd like to give you a little personal snapshot of what this means to an individual like myself. As I said, I have worked for the state for five years. I'm 46 years old, which is pretty close to the average for all state employees. I earn about \$32,000 a year, which is about average for salaries for state employees currently also. In many ways, I'm average. I've got about another 20 years to go before I look to retire at about age 66, perhaps 67, something thereabouts, and so which is also common for a lot of the people. I, into my forties now, begin looking a little more seriously at issues like retirement and forecasts of what I'll have then and how to get to where I want to be. Bob Corner mentioned estimates that suggest a person should put out somewhere between 12, and I hear and read a lot of advice that suggests 15 percent is really necessary to prepare for retirement. And, of course, that's over a long period of time. But whatever number you choose, it needs to be higher than it is now. And in my own case with my salary and the years I have to go to retirement, I projected myself out to about age 66, what I'll have in my retirement account then, and it comes to about \$140,000. And that's not a lot, and frankly that's not enough, and I know I have to do more myself and am doing so outside of the retirement plan offered by the state. But there are a lot of folks in my position. And the requests that we're making in LB 447, I think, are necessary to get in place so that particularly people who are on the younger half of the age spectrum and people who are on the lower half of the wage spectrum have a chance to benefit by the time they retire. I believe this

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is a very modest proposal. The 17 percent for the healthcare portion of LB 447, in the case of myself with my salary level, there is about \$260 a year that we're asking for. And it's not a lot and it takes some time to develop anything significant with that kind of a contribution per year. But it is certainly better than anything we have now. It's going to be necessary and very much appreciated whenever we do reach retirement, people like myself and anybody who works for state government. And we think it's modest; we think it's comparable; and we think both components of LB 447 are necessary for those of us working for the state who expect to do so for awhile in the future. I, too, would like to thank Senator Bourne for introducing LB 447 for us and for this committee for advancing LB 366 which points to some of the same issues. That's all I have.

SENATOR STUHR: Okay, thank you, Mr. Drda. Any questions from the committee? Thank you very much for sharing your experiences and testimony. Others wishing to testify in support?

LINDA SAND: (Exhibit 2) Good afternoon, Senator Stuhr and other members of the committee. I'm pleased to be here this afternoon to testify on behalf of LB 447. My name is Linda Sand. I've been an employee of the Nebraska Department of Health and Human Services for about 24 and a half years. And I'm here to testify on behalf of NAPE/AFSCME Local 61.

SENATOR STUHR: Okay. Could you spell your name for us?

LINDA SAND: Yes. Sand, S-a-n-d.

SENATOR STUHR: Okay, thank you.

LINDA SAND: I have participated in the state's pension plan since I was eligible to participate. I was fortunate enough to have a little bit of understanding about pension plans and investments, and I have paid close attention to my pension plan, and I am happy to report that I have enjoyed about a 13 percent per year return on my investments since inception. And I believe that's a very high return compared to most state employees' accounts. In addition, I've worked very hard for the state of Nebraska. I've been given several promotions, which have moved me from positions at a

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pay grade 9 up to a pay grade 14 over the years. Again, many state employees have not been blessed with that many promotions. Many have held the same position all through their careers. But this has allowed me to put even more funds than the average person could into my retirement account. I'm 58 years old. I have single coverage. At times, I've begun recently to entertain the thought of retiring or retiring early. But when I look at the amount that I could draw on my pension and compare it to healthcare costs, the quality of entertainment fades pretty quickly from those thoughts. If we were to assume that I work until I was 66 years old, when I could draw full Social Security benefits, if we have a Social Security program at that time, I'm going to assume that in about 7 years I could double what is in my pension plan, and that's hopeful, pie in the sky. I'm told it can be done. I'm also assuming a very modest 10 percent per year increase in health insurance premiums. In recent years we've seen a much higher increase in insurance premiums than that. If I were to double my pension and insurance went up 10 percent, and I worked until I was 66 years old and needed family coverage, the health insurance would cost twice what I could draw from my pension. We need LB 447. Nebraska is one of two states in this nation, and the other being Illinois, who don't do anything for their retirees as far as healthcare, and it's been that way for years. I think I gave that testimony before this Retirement Committee probably seven or eight years ago. We're still the two same states who don't have anything for healthcare. LB 447 would increase the amount state employees would be investing in their pension funds to the minimum amount recommended by several studies commissioned by your committee. It would provide the means for state employees to have a more reasonable income for their retirement years when the need for healthcare usually increases significantly. Although there won't be enough time for this healthcare account to be a large account for the average state employee, who is about 46 to 50 years old, at the present time it would help. It would allow time for the younger employees to see a significant impact on how well they can live in retirement. I urge you to pass LB 447. It's time; it's fair; it's reasonable; and I think it's the responsible thing to do. I have a little more math in the handouts that I gave to you, but in the sake of time and I'm boring you to death, I didn't go over those but you

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do have those before you. Any questions?

SENATOR STUHR: Yes, thank you, Ms. Sand. Are there questions for the committee? We thank you for your testimony and it does provide some information that we can refer to at a later time, so.

LINDA SAND: And we thank you for all the work that you've done.

SENATOR STUHR: Thank you. Are there others wishing to testify in support? Are there those wishing to testify in opposition? Please come forward. Okay, welcome.

RICHARD YOAKUM: (Exhibit 3) Good afternoon, Senator Stuhr and committee members. My name is Richard Yoakum, Y-o-a-k-u-m, and I work for Health and Human Services in Omaha. I'm here in opposition of the bill, along with the 72 signatories on the paperwork that you are having placed in front of you now. And just a quick statement that I'll make is that we the undersigned, having read the proposed bill, wish to express opposition to the bill as it is written...not that it may not be a good idea...but as it is written, for the following reasons. The bill makes participation mandatory. Not all state employees need to have future medical or health plans decided by the state. There are those who are retired military,...one of which I am and I have Tricare For Life, as well as other retirees do...those with spouses who work for companies that have healthcare plans available after retirement, and those who have health policies already in effect based on their own planning for the future. The bill does not allow for designation of a beneficiary. Even under the mandatory retirement plan with the state, an employee can designate a beneficiary. The bill allows the state to invest monies taken from the employee and keep those investments or proceeds without regard to the employees or their families. Now before I get to paragraph 4, I have received a little education on the wording of this bill, that it doesn't really mean that there is going to be an added 4.8 percent, but still there is a contribution coming out of the employee's pay that's not a voluntary issue. This paragraph is someone who signed these petitions, if you will, still don't like the way it's worded because they think it's an

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open-ended paragraph and can lead to the misuse of misrepresentation of what the amount means. But I understand how the bill is written and what it actually does mean is about the .47 increase. The bill presents the fund as an account, not as continuing medical insurance, which is what the employees envisioned when this first came to light. Once the account is used and depleted there is no further funding. Depending on the use of the account, one major medical expense could and would deplete the account. What would the employee or retiree do then? Upon the death...and this is a quote..."upon the death of an employee the balance of the account, if any, shall be returned to the employer." If the amount is returned to the employer what will be the purpose and use of the monies thereafter? We ask consideration be given to the bill and allow for the following: Allow participation to be voluntary--the employee's option. You would not exclude anyone; you would be giving the employee a choice. Consider this: If the bill takes effect July 1, 2006, and a retirement-eligible employee wishes to retire August 1, 2006, the healthcare account would have very little money available at all. Allow for the designation of a beneficiary. The employees, after all, are contributing to the account, just as with the retirement plan. Don't allow the state to invest employees' monies without returning portion to said employees. Allow for continuous aftercare retirement healthcare insurance. In concluding this presentation, the signatures on the attached pages represent union and nonunion members, retired military, spouses of active military, new employees, and older employees; in other words, people who, given the subject matter, want a voice in what happens with their pay. Again, thank you for the opportunity to have addressed the committee.

SENATOR STUHR: Okay, thank you, Mr. Yoakum. Are there questions of Mr. Yoakum? Senator Bourne.

SENATOR BOURNE: Mr. Yoakum, I just want to tell you I appreciate you coming down and testifying. I know when you are dealing with people's pay it's very important, and I just want to assure you that your thoughts and your comments and your letter will be considered, and I just appreciate you taking the time to come down and testify.

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RICHARD YOAKUM: Thank you, sir.

SENATOR STUHR: Yes. Are there other questions? I also want to thank you for that.

RICHARD YOAKUM: Thank you.

SENATOR STUHR: Others wishing to testify in opposition? Those wishing to testify in a neutral capacity. Welcome.

JOE SCHAEFER: Good afternoon, Senator Stuhr and members of the committee. My name is Joe Schaefer, S-c-h-a-e-f-e-r. I'm counsel for the Public Employees Retirement Board, and I just have a couple of quick comments on LB 447. We're certainly glad to have worked with the development of that. I would note that in our fiscal note we were unable to provide an exact idea of what it would cost to implement. We know there would be some programming costs and probably some ongoing costs. The point I really wanted to make was that under Department of Labor rules there are some costs in implementation of something like this that are considered settlor costs; in other words, costs of the employer, and I just wanted you to be aware of that and some of the opinions that are out there. Other than that, we'll be happy to work with you on it and answer any questions you might have.

SENATOR STUHR: Okay, thank you, Joe, for coming. Are there questions of the legal counsel? Thank you.

JOE SCHAEFER: Thank you.

SENATOR STUHR: Are there any others wishing to testify in a neutral capacity? I would just like to express my thanks for everyone that came today. It's very helpful to see the support that is out there for the bill, so thank you. And with that I will close the hearing. Oh, I didn't ask you if you wished to close? I'm sorry.